

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF PUERTO RICO

<div>In re:  THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,  as representative of  THE COMMONWEALTH OF PUERTO RICO, <i>et</i> <i>al.</i>  Debtors.<sup>1</sup></div>	<div>PROMESA Title III  <div>RECEIVED AND FILED CLERK'S OFFICE USDC PR</div> Case No. 17 BK 3283-LTS (Jointly Administered)  2023 JUN 9 PM 1:42</div>
<div>In re:  THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO  as representative of  PUERTO RICO ELECTRIC POWER AUTHORITY,  Debtor.</div>	<div>PROMESA Title III  Case No. 17 BK 4780-LTS</div>

EVELYN M. SALGADO VÉLEZ OBJECTION TO THE CONFIRMATION OF  
THE PUERTO RICO ELECTRIC POWER AUTHORITY’S PLAN OF ADJUSTMENT

TO THE HONORABLE DISTRICT COURT FOR THE DISTRICT OF PUERTO RICO

COMES NOW EVELYN M. SALGADO VÉLEZ, as party in interest pursuant to 11 U.S.C. § 1109, appearing *pro se* pursuant to 28 U.S.C. § 1654, and respectfully requests that the Court deny the confirmation of the Modified Second Amended Title III Plan of Adjustment of the Puerto Rico Electric Power Authority, ECF No. 3296 (“Plan of Adjustment”).

PRELIMINARY STATEMENT

1. EVELYN M. SALGADO VÉLEZ is a party in interest in the Puerto Rico Electric Power

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations.)

Authority's ("PREPA") Title III Bankruptcy. See 11 U.S.C. § 1109(b).

2. EVELYN M. SALGADO VÉLEZ is a resident of Vega Alta, Puerto Rico. She lives alone and it's almost retired. During his productive years she always worked in private companies. In addition, she directed and managed a company for 25 years, creating both direct and indirect jobs and contributing to the economic growth of Puerto Rico. She had planned her financial life to enjoy decent living conditions during her retirement. She has no children, no husband. Neither are relatives who live near her, so she only has herself to guarantee her well-being. Despite living alone, according to what can be seen from the electricity bill, she is billed for about \$85.00 per month for consumption plus \$307.00 additional charges. Her monthly bill is already close to \$400.00 per month. The proposed increase would represent an additional charge on her bill of not less than \$46.90 per month.
3. The question of who is a "party in interest" should be answered on a case-by-case basis. The definition is non-exhaustive. It generally refers to anyone with a financial stake or significant legal or practical stake in the outcome of bankruptcy. See, for example, Savage & Assocs. P.C. v. K&L Gates LLP (In re Teligent, Inc.), 640 F.3d 53 (2d Cir. 2011). That should mean anyone who will be significantly impacted.
4. **The Plan of Adjustment proposes to impose a Legacy Charge on the electric bills of residential and commercial customers for the next 35 years or more. This will cause me an economic damage that I could not have prevented in any way because it is not related to my life habits or financial decisions in my productive years. As this damage was not foreseeable, it was not contemplated in my personal retirement plan. The additional charges that they would impose contribute to making the enjoyment of a basic service such as electricity less accessible to retired people. In addition, these charges further reduce my budget at a time when the chances I have of balancing the budget with higher income is almost zero. Continuing to absorb fixed expenses in these moments of my life leads me directly to survival and misery if I were to get sick. In the case of an increase in a basic service that affects all the residents of Puerto Rico, consequently, it will cause an increase in all the services that I need for daily life. I add, that definitely, an additional increase in the electricity bill will cause an increase in the maintenance fee of \$305.00 per month that I pay for living in a complex where common areas are shared among the residents.**

5. Therefore, Evelyn M. Salgado Vélez is a party in interest that “may raise and may appear and be heard on any issue in a case under this chapter.” 11 U.S.C. § 1109(b).

### **PROCEDURAL BACKGROUND**

6. For over a decade, Puerto Rico’s economy has been in trouble and, by 2016, its massive debt became unsustainable. On June 30, 2016, PROMESA was signed into law. 48 U.S.C. § 2101 et seq. It created Title III to allow the territory access to bankruptcy relief for its instrumentalities. On July 2, 2017, the Financial Oversight and Management Board for Puerto Rico (“Oversight Board”) initiated a Title III case for PREPA. On December 16, 2022, the Oversight Board filed the first *Title III Plan of Adjustment of the Puerto Rico Electric Power Authority*. This has been amended 3 times. The current version of the Plan of Adjustment was filed on March 1, 2023.

### **LEGAL ARGUMENT**

7. Section 314 of PROMESA has the requirements for the confirmation of a Plan of Adjustment. 48 U.S.C. § 2174(b).

The Title III court shall confirm a plan of adjustment so long as certain requirements are met, including that: the debtor is not prohibited by law from taking any action necessary to carry out the plan; . . . any legislative, regulatory, or electoral approval necessary under applicable law in order to carry out any provision of the plan has been obtained, or such provision is expressly conditioned on such approval; . . . [and] the plan is feasible. Fin. Oversight & Mgmt. Bd. for P.R. v. Federacion de Maestros de P.R., Inc. (In re Fin. Oversight & Mgmt. Bd. for P.R.), 32 F.4th 67, 76 (1st Cir. 2022)(citation omitted).

8. The Plan of Adjustment is not feasible for the reasons stated in the expert declarations of Mr. Tom Sanzillo, ECF No. 3416; Dr. José I. Alameda Lozada, ECF No. 3417, Mr. Agustín Irizarry, ECF No. 3414.
9. “Under PROMESA, a plan of adjustment must be supported by financial projections that are ‘reasonable and demonstrate a probability that the debtor will be able to satisfy its obligations under the Plan.’” In re Fin. Oversight & Mgmt. Bd., 637 B.R. 223, 302-03 (D.P.R. 2022).
10. This means asking: “Is it likely that the debtor, after the confirmation of the Plan of Adjustment, will be able to sustainably provide basic municipal services to the citizens of the debtor and to meet the obligations contemplated in the Plan without the significant probability of a default?” Id.
11. The Plan of Adjustment will affect Puerto Rico’s economy and ratepayers, such as Evelyn M. Salgado Vélez. Therefore, PREPA will not be able to generate enough revenue and comply with its obligations to creditors or to the people of Puerto Rico. Because of this, the Plan of

Adjustment is not feasible.

**CONCLUSION**

12. In conclusion, this Court should not confirm the Plan of Adjustment because it does not meet the requirements under PROMESA. Additionally, the confirmation of the Plan of Adjustment would cause great prejudice to Evelyn M. Salgado Vélez and the people of Puerto Rico.
13. PREPA's restructuring is very important, because electric power is necessary both for consumers and businesses alike. It is the driving force of Puerto Rico's economy. If PREPA's restructuring becomes too burdensome on the people and businesses of Puerto Rico, it will affect any possibility of economic growth and development.

**RELIEF REQUESTED**

**WHEREFORE**, Evelyn M. Salgado Vélez respectfully requests that the Court take notice of the above stated and deny the confirmation of the Plan of Adjustment.

**I HEREBY CERTIFY** that on this same date I conventionally filed the foregoing with the Clerk of the Court. A copy of this document will be emailed to all case participants.

In Vega Alta Puerto Rico, this 9<sup>th</sup> day of June 2023.



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